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POLITICAL AND SOCIOLOGICAL

JAPAN: POLITICS IN THE DECADE OF THE EIGHTIES DISCUSSED

Tokyo GETSUYO KAI REPOHTO in Japanese No 960, Feb 80 pp 1-21

[Report on a "Question and Answer" session held on 9 Jan 80, attended by former Prime Minister Takeo Fukuda and the members of Kokumin Seiji Kenkyukai]

[Text] The Global Situation of the 1980s Most Grave Since the War

X: What do you think this new year will bring?

Fukuda: This year marks the beginning of the 1980s (laughter). I wish to emulate Gandhi for a while, adopting the principle of non-resistance (laughter). But since that is not possible, I intend to "fight on major issues and ignore trivial issues." I do not want to take on the kind of issues raised by political critics (laughter). But it is my hope to pursue the matters of utmost concern to the very end.

K: What are the primary differences between last year and this year?

Fukuda: Probably the global environment. The 1980s, this year included, will be the gravest postwar period. It is possible that 35 years of peace since the last war could be threatened in the 1980s.

Last year during my conversation with Mr Kissinger, he spoke of a crisis in 1986, perhaps sooner, depending on the Middle East situation. It may come even sooner than 1986. There is no assurance that it would not develop in 1980.

The Growing Disparity in East-West Power and the Worsening Oil Situation

The situation is a tough one. In such a situation, Japan's position is extremely precarious. An analysis of the nature of the crisis in the 1980s reveals, I think, two points:

The parity of East-West power accounts for current world peace. Peace, as it now prevails, rests on parity. The East-West parity of power is virtually maintained militarily, by social stability and economic forces. Therein lies the foundation of peace.

What would happen to this parity from the U.S.-Soviet military angle? The future efforts of the two powers would have an impact, but I feel that the '80s will see a breakdown of parity if nothing is done about it.

The second point, on top of this, is the oil situation, which is closely related to the East-West parity. Oil problems in the past have greatly affected world peace. In the oil shock of 6 years ago, socialist nations were not affected so much; under controlled economy, their economic structure was able to ride out the oil shortage. But this is not possible in a free society. Japan thus was confronted with price spirals, with economic conditions posting a minus growth for the first time since the war. International balance of payments reflected a staggering deficit of \$13 billion in a single year. Not only Japan but the rest of the world suffered.

Deterioration of Conditions From High Oil Prices to Shortage of Supply

If nothing is done against it, the most important thing under such circumstances will be--not commodity prices or economic conditions--but the international balance of payments, compelling nations to adopt a policy for its defense. This would be a sort of trade protectionism. The global economy of the free society would collapse if all nations resorted to trade protectionism. This issue would probably have a great impact on East-West relations.

Fortunately, the past five summit conferences did not lead up to trade protectionism. But it did create a great stir and Japan was generally able to come out of it. But other countries are still languishing under that situation.

It stems from the oil shock of 6 years ago. In essence, the issue was the rise in the oil price. But in the impending oil crisis in the '80s, there would not only be a price boost but also the threat of a quantitative oil shortage. This would cause prices to go through the roof and create panic.

The '80s, in thinking about all these things, will mean hard times ahead. It may be that the parity of East-West power would have to be considered in this light also.

Lately, the United States have been assuming a strong posture. The underlying reason for such policy by the United States may be President Carter's recognition--although domestic political considerations may play a part because of this being an election year--that U.S. position in East-West relations cannot be allowed to deteriorate any further, that the limits have been reached. The American people's backing of president Carter's stand appears to reflect their growing sense of danger.

Japan's Diplomacy Founded on Japan-U.S. Relations

O: With respect to Japan's attitude toward a sanction against the USSR on the Afghan question, there have been varying proposals such as talks

with Ambassador (Polyanskiy), the question of participation in the Olympics, and the Vietnam problem. Because the United States has come out so strong, I think Japan should not look the other way. The point, then, would be the extent of cooperation with the United States; obviously, there are things which we can and cannot do. A recent NIKKEI editorial carried what sounded like a blunt warning against a repetition of rapprochement in Munich. Should Japan, in that sense, adopt a repressive action, even at the temporary setback of friendly relations with the Soviet Union? What should Japan do?

Fukuda: Speaking from the standpoint of international politics, Japan-U.S. relations are the most important. At a time such as this, Japan is unable, broadly speaking, to ride out dramatic events on its own. I think that closer, mutually cooperative relations must be established with the United States.

Trend of International Balance of Payments Is the Key to Economic Problems

If Japan's economy and consequently its society and government were to be smoothly managed in this unstable situation, the most fundamental issue would be the international balance of payments, even though much has been said about this year's economic conditions or commodity prices.

I believe last year's ordinary revenues and expenditures alone will post a deficit of around \$10 billion. In addition, there will be deficits of \$11 or \$12 billion in connection with capital revenues and expenditures and capital outflow. Thus, last year's deficit alone will wipe out the reserves. The deficit is that large.

The situation will not improve this year; it will worsen. Last year, oil purchases, including oil products, amounted to about \$45 billion. In the year before last, it was \$27 billion. This year, it may be at least \$55 billion because of the recent price hike by OPEC.

As I stated, \$45 billion worth of oil was purchased last year. Japan's exports to OPEC and other oil producing nations were valued at \$10 billion, leaving a deficit of around \$35 billion. However, Japan's trade with the United States and nations other than oil producing countries is in the black. Thus, the deficit in ordinary revenues and expenditures is \$10 billion rather than \$35 billion, as I said.

If this year's oil purchases amount to \$55 billion with \$10 billion of exports to the oil producing nations, the deficit against such countries will be \$45 billion. If we are to hold the deficit at last year's level of \$10 billion, there must be a surplus of \$35 billion against the non-oil producing nations.

But whenever a surplus developed, roughly one-third came from trade with the United States. This can develop into a trade friction with the United States and become a major issue. Yet it means that Japan would be unable to survive without going to that length.

U.S. Cooperation Indispensable for Improvement of International Balance of Payments

If the international balance of payments becomes like that, it will be absolutely necessary to acquire loans from abroad. No country in the world, except for the United States, is willing to provide loans. In that sense, the United States is highly important to Japan. If trade friction should develop, in addition, there would be a serious problem.

For those reasons, I think that the '80s will bring very hard times unless we are successful in establishing truly closer Japan-U.S. relations.

With such awareness, Japan must cope with the Afghan or Iranian problem. It is not simply an abstract issue of having to gain the attention of the United States. It is a question of crucial national interests.

As for the limits of efforts to secure U.S. understanding or promote Japan-U.S. relations, this would depend on varying situations at the time. It would be very important for Japan, under world conditions where things are most likely to focus on the Middle East, to be able to respond quickly and decisively upon consideration of its position. A speedy, not procrastinating, response is required.

Most important in this respect is probably political stability. A glance at Japan's politics shows that it is not in a position to render any quick response. While there may be problems of procedures and policies, it is crucial to establish, in advance, a political posture that provides a quick response to such problems.

Y: West German Chancellor Schmidt, in the past 3 or 4 days, has moved quickly, such as conferring with French President Giscard or immediately summoning the German Ambassador to the Soviet Union. Here in Japan, under similar circumstances, a statement would be issued by the chief cabinet secretary, but there would be no quick outward action. Don't you think some quick, visible action--this being an age of public relations--is also needed?

Fukuda: That may be true. But, basically, the substance is more important, rather than outward reflection. Exposure is important, but above all, substance is important.

Solidarity of Liberal-Democratic Party Takes Precedence Over Collaboration With Opposition Forces

T: By political stability, do you mean an escape from current parity between the government and opposition parties, or a combination of that and a slightly greater composure on the part of the LDP?

Fukuda: Both. There is also the problem of true unification within the LDP. At the same time, there is the problem of unification, to include the opposition parties, for defending Japan's national interests. But it can be said that any extensive collaboration or so-called unification with

the opposition parties is out of the question unless the LDP can be unified. The most important thing, therefore, is unification within the LDP.

We can never permit a state in which the prime minister and LDP president, when having to render a major decision, gropes around to reach the decision. A state in which he can be assured of everyone's support of his decision is truly needed.

LDP President Lax Toward Improving Party Constitution

U: What is your opinion of the Ohira government? It has been 2 months since your struggles on the ground that it was no good. Would you care to assess that period, or do you still maintain that it is no good (laughter)?

Fukuda: A straightforward answer is difficult (laughter). I am very disturbed at the mass media's recent reports about a 40-day power struggle. This is not a power struggle. As I have said, it is a dispute to correct the LDP's posture and is not a power struggle. I wish that point would be corrected (laughter).

During this 40-day period, I have conferred with Prime Minister Ohira on many subjects. I assessed his work as prime minister, pointing out--although I did not mean to rock the boat--that I was greatly apprehensive over his total disinterest in the LDP's constitution. It is a fact that he did not respond with open arms. He failed me again (laughter).

U: Does that mean you will lash out again this coming November (in the LDP presidential election)? It seems that Seiwa-kai has decided to recruit more party members to endorse Fukuda.

Fukuda: I myself do not think so much about Fukuda's endorsement or anything else for that matter. However, I shall accept if the people need me. As a politician, this is natural. I am engrossed in the problem--even if it means making sacrifices--of realizing a healthy state for the LDP or say, conservatist forces, or re-regimentation into sound conservatist forces. Without it, we would not be able to ride out the '80s.

Increased Margin of Corporate Taxes To Be Applied to Energy Measures

Z: Returning to the subject of the economy, we must give a great deal of thought to exports to the United States. In this connection, we must think about domestic economic conditions and public enterprises. If the intent is to reconstruct finances, perhaps another trillion yen can be added for a deduction of around 2 trillion. Public investments were shaped as we have noted because of deferments. What is your thinking on this point on next fiscal year's finances and the relationship of domestic economic conditions to public investments?

Fukuda: I cannot speak on the budget bill before the Budget Committee even has a chance to meet.

Z: Then, skip the specifics.

Fukuda: Basically, even if corporate taxes were increased slightly, the financial source should be directed toward energy and all possibilities should be explored on the energy problem.

In any event, finances are said to be in the red. This deficit does not stem from commodity prices, guidelines to restrain prices or international balance of payments. It is linked to the issue of economic conditions. It is the result of increased bond floatations as a means to return economic conditions to a normal state. It proved a success and, as evident from last year, many enterprises achieved record high profits. The entrepreneurial side ought to come back and say, "Thank you. We shall now give back our strength."

What Japan needs the most is development of an alternate form of energy and new energy. But no progress can be made without money. If corporate taxes are boosted by 1 percent, it would mean 200 billion yen or an excess of 4 trillion yen in 10 years. If we can raise that sum and devote our full efforts, the future would be extremely bright. The inability to do so can be attributed to political weakness or the LDP's intra-party conditions making a bold policy nearly impossible. I am not attacking the specifics of the budget bill, however.

Need To Be on Alert Against Friction Over Exports

Z: Economic conditions won't decline even if public investments proceed at the present rate?

Fukuda: It will decline markedly this year.

The conclusion reached at meetings of OECD and leading nations before the recent OPEC oil price hike was that Japan would achieve a 4.7 percent growth. Altogether, that means only 1 percent for Japan. It means that there are many other countries with zero or minus growth. Such an observation comes pretty close. Because of such global conditions, we cannot be talking about 4.8 or 5.9 percent growth for Japan only.

Broadly speaking, it is very difficult even to attain that mark. As I explained, public investments are showing a lateral slide. In such a case, there is nowhere to turn to except exports. Exports are likely to grow because the yen has become so cheap. Japan's commodity prices have stabilized, while other countries are all faced with inflation, so Japan's exports should grow considerably. But it would create friction with foreign countries, and require a serious consideration. With the growth of exports, the country as a whole will be able to sustain a substantial development. While some decline could occur, a satisfactory level of development can perhaps be sustained.

I may be repeating myself, but as we will then have economic conditions dependent on exports, precaution must be taken against creating friction as a consequence.

LDP Presidential Election Cultivates Influence-Buying Constitution

O: I wish to return to the earlier question about re-regimentating the party. It is an established fact that during a LDP presidential election, others pay for party expenses instead, thus provoking charges of propagation of influence-buying practices and factions. I am very doubtful whether the party can be re-regimented by permitting this situation. However, in actuality, the party reform committee has reached a decision and is working with a deadline of 20 January. Is it really going to be carried out in November?

Fukuda: I do not know. I would like to put it in a freeze for a little while until a more detailed arrangement is worked out. The system itself, based on reasoning, should not be rejected. In actuality, things are not moving in the way intended. That is now the primary evil.

There have been demands for clean government and inexpensive political structure. Although a lot has to do with the conscience of the individual Diet member, it can be said that, structurally, a good deal of money is required in elections. Currently, in elections for Lower House members of the Diet, several 100 millions of yen is being expended for electing just one individual, as can be noted in a recent case of violation. I was astonished.

What happens over in the Upper House? How much does it cost in national districts? Where does the money come from? Untainted money alone would not suffice.

Even then, the election structure cannot be corrected at one stroke because we must be mindful of the opposition parties also. But there is something that can be done through the party president's judgment. It is the party presidential election. It requires money for primary election and for the main election. This is fast becoming the root of evil. But such a root of evil can be eliminated at the sole decision of the LDP.

Freezing of Party Presidential Primary Election Up to Party President

Not long ago, I spoke with Prime Minister Ohira on this subject. I told him all that was needed was a decision from him. That our clamoring alone would not result in elimination, that even if he would not go as far as elimination, he could at least propose, as party president, a freeze to the party organ. But he was not so receptive. That is how things now stand. Work is underway to achieve the same effect, but I fear a predicament if implemented.

U: Even if things were turned around, the party president's tenure would be ending. In that case, will only the Diet members implement it? There is no assurance that money will not change hands even then.

Fukuda: However, if a primary election is held, costs would be duplicated (laughter). Based on former Prime Minister Miki's idea that increasing the number of party members to several millions would stamp out bribery, a system was developed for voting by a large number of people. But even with several millions of people, things are not going as Miki desired. Until a state is achieved where one can say there is no corruption upon serious thinking, I think that cannot be accomplished. As you have said, there is a trend, when permitting party members to vote, to make any individual a party member by offering to pay his expenses. This constitutes a real case of bribery in elections. A total of 4,000 yen might be paid out to buy the vote, as party members' party expenses run 4,000 yen, or 2,000 yen plus 2,000 yen. Generally, with 500,000 persons, first place is attainable, involving a sum of 2 billion yen. With that kind of money, it means that the nation of Japan can be purchased (laughter). That is why the money is dished out, no matter what it takes. There are such types of people. It is very troublesome. I have given some thought to what can be done about it.

X: Have you any good ideas?

Fukuda: Being my own idea, I can't very well compliment it, but I would like to do something about it.

X: Since the primary election is no good and the main election costs money, only something drastic can stamp out the root of evils.

Fukuda: I truly think so.

X: But it is too late for this year.

Fukuda: I wish to do it this year, somehow.

X: Will you be able to?

Fukuda: Somehow.

Results of Upper House Election Unpredictable

T: How do you view the Upper House election?

Fukuda: I am not sure, as I know little of the situation of the opposition parties. For example, the LDP has 22 candidates running in the national districts. The LDP itself cannot predict the number of winners without knowing something about the strength of the opposition parties' candidates. I myself have not conducted any study. Many individuals contend that the LDP would have 18 winners, calculated on the basis of possible winners on the opposition side lacking strong candidates. I think that LDP winners in the national districts will be reduced substantially if the opposition parties put up strong candidates.

In the local districts, the decisive battle will be staged in the one-man district. There are one-man districts in 26 election districts or 26 prefectures. The question of a possible joint struggle by the opposition parties is still fluid, but the outcome can make a great difference. But if we can capture most of the one-man districts, we might be able to get two winners in a two-man district. There being 47 prefectures, it should not be so difficult to gain 47 seats.

That means 61 persons are being replaced, so 14 winners from national districts would assure a status quo.

Nonetheless, I cannot make such a reading at this time.

T: Isn't there a chance of a joint struggle being formed by the opposition parties--that of the Socialist, Komeito and Democratic-Socialist?

Fukuda: Some tend to think so, reasoning that policies and agreements are separate matters. Even some members of the opposition so agree, and are not ruling out a joint election struggle.

T: Its outcome will probably have an impact on the current party presidential election issue.

Fukuda: It will become entangled.

U.S. Political Moves Have a Large Impact on Japan

Y: With respect to the matter of friction with the United States, anything we do might face difficulty, this being a presidential election year there. With that in mind, have you any concrete thoughts?

Fukuda: For enterprises exporting primarily to the United States, I think there are various measures such as building plants over there, but we must remember that the presidential election is ahead. President Carter's popularity rose from 20 to 60 percent at one stroke when he assumed a hard-line policy toward Iran. Since the color has faded a bit, one cannot rule out the possibility of a hard-line policy next against Japan. It is really a delicate matter.

It is also intertwined with how measures toward the Iran and Afghan problems affect the economic conditions of the United States.

X: Premier Hua Guofeng will visit Japan this May. Although many issues will be raised, it should have a plus effect in the coming Upper House election. Even a boom is likely. Of course, burdens may also emerge.

Fukuda: Maybe not much of a plus effect.

X: Even in the case of an election?

Fukuda: It is not a period of temporary China boom. Prime Minister Ohira's visit to Beijing did not necessarily strengthen the Ohira structure. That is why the effect will not cause a boom.

Difficult for Japan To Make Military Contribution

T: Sino-U.S. military cooperation is moving along because of Soviet relations. Do you rule out any possibility of U.S.-China-Japan ties? If not, what measures, including defense power, should be adopted?

Fukuda: I think that would not happen.

On the current budget, I urged that defense spending be kept at 0.9 percent. As I stated, the reason is that I felt such a matter should not become a factor for Japan-U.S. economic friction, as Japan-U.S. relations are very delicate. Whether 0.9 or 0.89 percent, it does not matter so much from the viewpoint of defense power. But if this leaves a dark shadow on Japan-U.S. relations, it may become a factor in the emergence of economic friction.

I do not think Japan will be asked to cooperate in U.S.-Sino military efforts nor to do anything with the Self-Defense Forces over the Afghan situation.

Y: In the newly formed Wisemen's Group, former and past prime ministers are flying to many places to express their views in order to quell any misunderstanding, which, I think, is extremely helpful. Are you willing to do the same?

Fukuda: There must be requests (laughter). Or it would be awkward.

K: Could we go on under Japan's present defense set-up and diplomacy throughout our lives without any defense power, or defense spending being limited to under 1 percent? At a time when international tension is anticipated so soon in the '80s, will Japan be able to survive without any change?

Fukuda: Apart from the question of whether it can or cannot, what else can be done? Basically, there is nothing else other than a posture of trust in other nations.

K: But isn't there apprehension that in the future that trust might gradually erode?

Fukuda: What the future will bring is uncertain. But at the moment, Japan will not become a major military power. Basically, there is no road other than contributing as a major economic power to world peace and world economic development.

The Meaning of Omnidirectional Diplomacy

V: My feeling is that omnidirectional diplomacy discussed in the past no longer holds water. In a sense, one may be able to fool oneself but, in reality, the age is approaching when an omnidirectional position will not do.

Fukuda: Omnidirectional policy does not mean an equi-distant theory in dealing with other nations. The idea is, in relations with other nations, to keep peace in mind; it does not mean that we shall yield to the whims of a country acting wrongly. Basically, it means keeping a firm grip on peace and maintaining relations along that direction.

For example, if the Soviet Union acts out of place and threatens peace, the wrongdoings would be pointed out to it. This would not contravene omnidirectional diplomacy.

V: But that would only end in an abstract declaration of peaceful democracy. I think it is time to clarify our position more vigorously.

Fukuda: That is fine, but it should be considered as a variation under omnidirectional diplomacy.

As for whether the method of dealing with communist bloc nations and free nations should be strictly identical, it should not. In the case of communist bloc nations, there are numerous restraints. But there is no need to assume a guarded posture in our relations.

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POLITICAL AND SOCIOLOGICAL

JAPAN RESISTS FREEDOM OF INFORMATION LEGISLATION

OW220654 Tokyo KYODO in English 0529 GMT 22 Mar 80 OW

[Article by Hidesuke Nagashima]

[Excerpts] Tokyo March 22 KYODO--Japan may rank among the most advanced countries of the world in terms of economic prosperity, but is definitely among the less advanced in terms of freedom of information.

Unlike the U.S. and some European nations, Japan has no law providing for release of much of government-held information to the public.

Against such a background, the Japanese Government is conducting a study on proposed freedom of information legislation under mounting pressure from citizens groups and opposition political parties.

But because of Japan's long tradition of conducting government business in secrecy and the officialdom's resistance to the proposal, freedom of information in Japan could turn out to be a pie in the sky.

Most officials mulling such legislation agree that the people do have a "right to know" much of the information in their government's files, but that's only in theory.

In reality, it looks as though various government agencies are not very enthusiastic about the legislation.

Officials understandably are reluctant to make public comment on the subject in light of its highly sensitive nature. But it is obvious that there are widespread skepticism and sharp intra-agency differences over such legislation.

Japanese governments in the past have never been very generous about releasing information from their files. In fact, they have traditionally conducted business in secrecy, often to the detriment of public interest.

The mass mercury poisoning in Minamata in Kumamoto Prefecture, southern Japan, dating back to over 30 years ago, is symbolic of public interest having been harmed by the tradition of secrecy.

Freedom of information also affects consumer problems.

The Health and Welfare Ministry in 1978 refused to release technical data it held on a fungicide--commonly used in citrus fruits--to the public before approving its use in Japan, despite suspicions that it posed a health hazard.

As a rule, the government does not release the records of meetings of its advisory councils, even on matters seriously affecting the public.

Freedom of information is also essential to the implementation of the proposed environmental impact assessment system requiring that the public be informed of possible effects on the environment of a project being considered by the government or industry.

In Japan, there have been two-pronged campaigns for freedom of information since several years ago.

A campaign started with citizens groups after the government had failed to publish data unfavorable to businesses in a series of consumer, industrial pollution and drug side-effect disputes.

Another originated with opposition political parties after they were frustrated in their attempts to obtain government data--damaging to certain members of the ruling Liberal-Democratic Party--in Diet inquiries into major aircraft sales scandals of the 1970s.

The campaigns were stepped up last fall with the publication of draft legislation by opposition parties and lawyers groups.

Observers say moves for freedom of information could backfire, causing the government to put a tighter secrecy lid on certain categories of information--such as national defense, foreign policy and confidential business information--as exceptions under a new law.

The focal point in debate over freedom of information is obviously exceptions to be made for such sensitive information.

Among various government agencies, the Defense Agency is no doubt the greatest treasury of secrets, and officials are extremely cautious in dealing with the freedom of information question. An agency official once told the Diet the agency had some 740,000 items of secrets.

The Foreign Ministry is no less cautious, although it already releases diplomatic records that are more than 30 years old. Already close to 500 volumes of diplomatic records, dating back to immediate postwar years, have been released.

The Health and Welfare Ministry and the International Trade and Industry Ministry say confidential information they obtain from businesses must be protected.

Other agencies give lukewarm support at most to proposed freedom of information legislation.

POLITICAL AND SOCIOLOGICAL

'KYODO' VIEWS SUCCESS OF FEMALE MEMBERS IN DIET

OW240445 Tokyo KYODO in English 0342 GMT 24 Mar 80 OW

[Text] Tokyo March 24 KYODO--in spite of their small numbers, Japan's women Diet members have succeeded for the first time in introducing women's issues as the main topic of a Diet budget committee meeting.

The upper house has agreed to devote the March 28 session of the upper house budget committee to a concentrated discussion of issues concerning women.

The move was unsuccessful in the lower house, where there are only 11 women members, but a non-partisan demand by upper house Dietwomen was accepted without demur.

This was not only because there are slightly more women members in the upper house (15), but also because, with an upper house election only months away, the government is closely watching the women's vote.

The move to have women's issues discussed in the Diet was begun last year by the Diet league for promoting the United Nations decade for women, led by Shizue Yamaguchi. It was timed for 1980 to coincide with the planned United Nations world conference of women.

At present only 3.4 per cent of Japan's Diet members are women, but women's power in government is expected to increase. Japan's first woman ambassador was appointed recently, and Dietwoman Sumiko Tanaka was elected as the first woman vice-president of the Japan Socialist Party.

At the March 28 budget committee session, seven Diet members, including five women, will question the government on issues such as employment discrimination between men and women, promotion of women's role in society, improvement of women's position, and problems of motherhood and the family.

The women speakers will be Tanaka, Shigeru Ishimoto of the Liberal Democratic Party, Michiko Watanabe of the Komeito, Yoko Yasutake of the Japan Communist Party and women's movement pioneer Fusae Ichikawa of the Ni-in Club.

POLITICAL AND SOCIOLOGICAL

BRIEFS

DIPLOMATIC SERVICE EXAM REFORM--Tokyo March 24 KYODO--The Foreign Ministry has decided to reform the present diplomatic service examination shifting it from emphasis on linguistic ability to character-centered one to screen "stout" diplomats able to act promptly to cope with tumultuous international situation. In the proposed reform to be put into effect this year, the ministry will shorten the test time for composition in foreign languages from 90 to 60 minutes and reduce the weight of marks of the composition test. The ministry will hold two interviews instead of only one at present to put examinees' character to full test. The ministry also plans to eliminate the English composition test from next year's foreign service examination. In last year's foreign service examination, 29 out of 1,193 examinees passed the test. The ministry expects the exam reform would induce more people to take the tests this year so that it can pick up the right persons for the diplomatic service. The exam reform was also believed to be based on the ministry's concerns that capable men would go to other ministries in the future, shunning diplomats' occupational hazards in case of urgent incidents and also due to their children's education. The ministry will also step up appointments of "non-career" officials to activate the ministry personnel. The ministry also is to inaugurate a three-month training system for officials this year to have them study the languages and political situation in the places of their appointments before they assume their new posts. [Text] [OW240257 Tokyo KYODO in English 0223 GMT 24 Mar 80 OW]

DSP DRAFT ACTION PLAN--Tokyo March 23 KYODO--The Democratic Socialist Party said Sunday that its activities during the next 12 months will be concentrated on the promotion of a "middle-of-the-road" coalition government with Komeito. Announcing its fiscal 1980 draft action plan, the DSP said that its agreement with Komeito on the formation of the coalition government is the "practical answer" to the mounting desire of the people for a "healthy government power." An end to the single party rule by the Liberal-Democratic Party will come inevitably in the foreseeable future, the draft said. The draft has been prepared for presentation to the DSP's 25th regular convention scheduled to be held April 15-16. The DSP, the fourth largest opposition party with a total of 46 seats in both houses of the Diet, said that the approval of the self-defense forces and support to the Japan-U.S. joint security treaty contained in the agreement with Komeito represent an epoch-

making change in a policy of a coalition government ever sought by opposition parties. It pointed out that a similar agreement reached between Komeito and the Japan Socialist Party was vague in regard to such issues as the development of nuclear power plants, the Japan-U.S. joint security treaty and the self-defense forces. The draft action plan also called for a review of the existing defense buildup program to promote the self-defense capability and correction of the "defects" of the self-defense force law, including the enactment of a law stipulating the mobilization of the forces in case of emergency. [Text] [OW230545 Tokyo KYODO in English 0510 GMT 23 Mar 80 OW]

LDP DISCUSSES GAMBLING SCANDAL--Tokyo April 4 KYODO--Liberal-Democratic Party Secretary General Yoshio Sakurauchi met former Prime Minister Takeo Miki Friday to explain what the party leadership was doing in connection with the gambling spree allegedly involving party Dietman Koichi Hamada. Hamada allegedly lost about yen 450 million in Las Vegas in October, 1972 and Kenji Osano, a business tycoon who accompanied Hamada to the U.S., apparently paid these losses. Osano is now on trial in the Lockheed payoff case. Sakurauchi was understood to have asked Miki to use his influence to prevent his followers within the ruling party from opposing Prime Minister Masayoshi Ohira's leadership. On Thursday Sakurauchi visited former Prime Minister Takeo Fukuda and former party executive Yasuhiro Nakasone on similar missions. Followers of these three senior party leaders recently formed an organization to clean up the party and oppose the party's handling of the Hamada issue. Opposition parties have demanded that Hamada be summoned for Diet questioning on his alleged gambling and in connection with the Lockheed case. The ruling party has rejected their proposal and decided to refer the Hamada case to the party disciplinary committee. Amid mounting criticism from opposition parties and the public, LDP executives now hope that Hamada will leave the party of his own accord. A party executive said it would be difficult for the party to ask Hamada to leave the party since he had denied he gambled away as much as yen 450 million. Prime Minister Ohira told newsmen he himself might have to meet Hamada to settle the issue. [Text] [OW040949 Tokyo KYODO in English 0926 GMT 4 Apr 80 OW]

CSO: 4120

MILITARY

ASDF DETERMINED TO PROCURE MORE HAWKEYES IN FY 1981

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 pp 7, 8

[Text]

Procurement of a further four US Navy/Grumman E-2C Hawkeye early warning aircraft is given top priority in the aircraft equipment program of the ASDF for FY 1981.

The ASDF had a difficult time in obtaining authorization for FY 1979 funds to procure its first four E-2Cs. The ASDF is required to get authorization from the National Defense Council for procurement of a further four aircraft under the FY 1981 budget. The ASDF, however, appears confident it will obtain authorization since requirements of a minimum of eight E-2Cs were studied at the meeting of the National Defense Council that approved the first four aircraft.

Besides four Hawkeyes, the ASDF plans to procure with funds authorized in the FY 1981 budget eight F-1 support fighters, 10 T-2 supersonic trainers, two MU-2 search planes, and three V-107 rescue helicopters, a total of 27 aircraft. The number will increase to 44 if the ASDF adds on aircraft not authorized for FY 1980 funding. They are two F-1s, nine T-2s, four T-3 trainers, and one each of the MU-2 and V-107.

CSO: 4120

MILITARY

P-3C PRODUCTION PROGRAM -- PROGRESS REPORT

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 pp 8, 9

[Text]

A production line for the Lockheed P-3C aircraft has been completed at KHI. The prime contractor of the MSDF Orion program will shortly begin production of the first P-3C under license from Lockheed. Production of a further four aircraft will begin in June from knocked-down components imported from the US. These aircraft will be delivered to the MSDF from May 1982 through March 1983.

In addition to these five, three P-3Cs are included in the first contract which the JDA concluded in FY 1978. These three are to be imported from the US. KHI started manufacture of jigs and tools last June for the P-3C production line.

For the MSDF P-3C production program, KHI produces mid fuselages, nose sections, bomb-bay doors, and tail-cones. It is also responsible for final assembly of the P-3C.

Under subcontract from KHI, four airframe manufacturers are also engaged in the P-3C production program. MHI produces forward and aft fuselages and FHI main wings. Shin Meiwa Industry is responsible for nose sections, fin-and-rudder assembly, stabilizers, flaps and ailerons. NIPPI (Japan Aircraft Mfg.) produces engine nacelles and exhaust pipes.

The first three MSDF P-3Cs built in the US will be delivered in 1981. After training flights by MSDF crews in the US, they will be ferried to Japan in December 1981 and be assigned to the MSDF 51st Squadron. Five locally-produced Orions will also be delivered to the 51st Sq.

The MSDF is authorized to procure 45 P-3Cs over FYs 1978-88 and a second contract for 10 aircraft will be concluded in FY 1980 beginning April 1.

A larger amount of locally-produced parts and equipment will be installed on P-3Cs in the second and subsequent contracts. The MSDF plans to place in local production such equipment as the directional frequency analysis and recording (DIFAR) system, the inertial navigation system (INS), the magnetic anomaly detection (MAD) system, electronic counter measure (ECM) system, search radars, and Doppler radars. These will be in addition to systems placed in local production for the five P-3Cs of the first contract. They are the AYA-8 logic unit, the CV2461 signal converter, the ASA-70 tactical display unit, the ASA-60 auxiliary display unit, the ARR-72 sonobuoy receiver, and the ASA-76 sonobuoy control unit, and UHF/ADF systems.

The MSDF plans to finalize an equipment list for local production by April. Based on the data, manufacturers will be selected for this equipment during April.

CSO: 4120

MILITARY

ASDF WILL SELECT HEAVY-LIFT HELICOPTER IN FY 1980

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 p 9

[Text]

As a part of its effort to restructure its transport squadrons, the ASDF will select a heavy-lift cargo helicopter during FY 1980 and start a procurement program in FY 1981. The new heavy-lift helicopter will be used to transport heavy equipment between remote sites and airbases. The V-107 rescue helicopter, which is being utilized for cargo transport, is under-powered for carrying new and heavier equipment being deployed at ASDF radar sites.

Requirements for the new heavy-lift helicopter are for about 20 units. If commonality between the cargo and rescue helicopters is determined desirable and possible, about 50 units of the new helicopter will be procured by the ASDF. The FY 1981 buy, however, will be for only one or two units for evaluation tests.

The normal service life of a V-107 rescue helicopter is seven years or about 5,500 flight hours. The ASDF accordingly will have to deploy replacement helicopters from FY 1984 or 1985. This will almost make it impossible to develop a new helicopter in Japan although it is regarded possible to modify a type in service or in the final development stage.

CSO: 4120

MILITARY

KHI TO OFFER MODIFIED V-107A HELICOPTER TO ASDF

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 pp 9, 10

[Text]

KHI plans to offer to the ASDF the modified V-107A helicopter as a replacement for the existing V-107A in search/rescue missions prior to the ASDF's selection. The modified version with new engines and rotor blade material will feature higher speed, longer range and larger payload.

In the modification, the 1,600-hp CT-7 engine will replace the current 1,400-hp CT-58 to increase range and speed, the V-107A is equipped with two engines. Composite material will be used for the rotor blade to reduce weight. The material also resists corrosion. Furthermore, the modification will have new electronics such as search radar and radar warning systems and an auxiliary power unit (APU) for rescue operations on islands.

This modification will increase the speed to 138 knots from current 110 knots, range to 740 nautical miles from 600 nautical miles, and payload to 9,900 pounds from 9,230 pounds. The modified V-107A will be able to fly to a point 200 nautical miles distant and carry out a one-hour rescue operation. KHI does not expect the modification to take any length of time.

CSO: 4120

MILITARY

JDA PLANS DEFENSE OUTLAY INCREASE IN FIVE YEARS

Tokyo JPE AVIATION REPORT-WEEKLY in English 19 Mar 80 pp 6, 7

[Text]

Japanese Defense Agency (JDA) March 7 established its policies for the five years, FYs 1980-84, for gradual increases of annual defense outlays from 0.9 percent of the GNP (Gross National Product) authorized for FY 1980 to 1.0 percent in FY 1984. The policies reflect effort to respond to repeated requests from the United States for increased Japanese contributions to the joint security setup. JDA also decided 1) to achieve completely goals for reequipment programs and 2) to improve Japan's defense power including a new air defense system covering the Japanese islands and surrounding seas.

These policies will be included in an official notice of the State Minister for Defense to be issued as a basis for preparing defense budget drafts for FY 1981, following passage of the FY 1980 defense budget. The new policies will also serve as guidelines for finalizing the FY '81 Medium-Term Defense Program for FYs 1983-87.

Although defense expenditures have been increasing, major amounts go to fixed costs such as personnel and maintenance. Only small amounts are available for procurement of new equipment. The new policies therefore will call for increases in procurement at a cost of fixed expenses if necessary.

A breakdown of recent annual defense outlays follow:-

<u>Fiscal Year</u>	<u>Amount</u>	<u>Personnel</u>	<u>Maintenance expenses</u>	<u>Capital expenses</u>
1979	¥2,094,500-M	51.5%	25.9%	22.6%
1980	¥2,230,200-M	49.3%	26.3%	24.4%

MILITARY

ASDF TO SELECT C-X DURING FY '81 MTD

Tokyo JPE AVIATION REPORT-WEEKLY in English 19 Mar 80 p 8

[Text]

The ASDF plans to select a new transport aircraft during the FY '81 MTD (FYs 1983-87) to augment the C-1 twinjet. It is also expected that the ASDF will seek a replacement for the YS-11 turboprop aircraft, 13 of which are currently in service. There are seven cargo, four personnel, one mixed cargo, and an ECM aircraft among the YS-11 series.

The ASDF is authorized to operate 36 jet transports and current plans call for about 16 C-X aircraft to join the 24 C-1s. With these, the ASDF plans to form three transport squadrons.

At this early state of planning, requirements for the C-X are varied. Some advocate that it should be capable of transoceanic flights to ferry weapons and ammunition during a national emergency. The C-1, the first jet military transport aircraft locally developed, is designed for tactical missions within Japan.

CSO: 4120

MILITARY

CONTRACT NEARS FOR THE F-15 FLIGHT SIMULATOR

Tokyo JPE AVIATION REPORT-WEEKLY in English 19 Mar 80 p 8

[Text]

Following authorization from the ASDF for procurement, the Central Procurement Office, JDA, will award contracts shortly for the first set of the F-15 flight simulator with spares, two sets of T-3 trainer flight simulators, and an artificial cockpit viewer for the C-1 transport simulator.

The F-15 simulator will be purchased for ¥3,800 million payable over three years, from Mitsubishi Precision Co., a licensee of Goodyear Aerospace. It will be delivered in FY 1981 for installation at the ASDF's Nyutabaru base.

Two T-3 simulators (3rd and 4th sets) will be ordered from FHI for installation at Shizuhamu and Bofu-North bases. Shizuhamu received the 1st set in March last year and Bofu-North the 2nd set in late February this year.

KHI will be awarded a contract for the artificial cockpit viewer for ¥380 million. It will be added to the C-1 simulator in use at Mihi, where a C-1 squadron is located.

CSO: 4120

MILITARY

MORE LOCAL PARTS EXPECTED FOR F-15 ENGINE

Tokyo JPE AVIATION REPORT-WEEKLY in English 19 Mar 80 pp 8, 9

[Text]

Release of more information on the Pratt & Whitney F100-P-100 engine of the McDonnell Douglas F-15 fighter is expected through talks between the ASDF and the USAF scheduled for July. If successful, IHI will be able to use more local parts for the F-15 engine under the second contract to be concluded during FY 1980.

IHI also hopes that General Motors' Detroit Diesel Allison Division will comply favorably with requests from the company for increase of local parts in production of the T56 turboprop engine for the MSDF P-3C antisubmarine patrol aircraft. A second T56 production contract is scheduled to be issued in FY 1980.

Preparations are also under way at IHI for production of both F100 and T56 engines under the first contracts issued in FY 1978. Calibration tests for the F-15 engine were completed in early February. Similar tests for the P-3C engine will begin in May. One T56 engine has already been delivered to IHI's Mizuho Plant.

IHI is also making preparations for manufacture of XF3 small turbofan engines under a contract from TR&DI, JDA, in a five-year engineering development program. The small Japanese jet engine is scheduled to power the MT-X, ASDF's next intermediate trainer.

CSO: 4120

MILITARY

DDG ENGINE SELECTION EXPECTED AROUND JUNE

Tokyo JPE AVIATION REPORT-WEEKLY in English 19 Mar 80 p 9

[Text]

The MSDF is likely to select a gas turbine engine around June for a DDG, which is expected to be funded in FY 1981 (April 1981-March 1982), since the selection would be necessary for drafting a budgetary request.

A COGAG (combined gas turbine and gas turbine) engine is certain to be adopted for the new DDG, although the MSDF intends to decide after the TR&DI drafts the basic design of the DDG in early or middle April.

Some quarters in the MSDF are said to be considering a steam turbine as well for the new DDG because the absence of the such engines for new vessels would endanger the maintenance of the this type of technology.

However, the MSDF as a whole is believed to be inclined to adopt the COGAG which would fully meet the new DDG's operational requirements. Its leaning toward the COGAG is also attributed to the fact that all new destroyers have been powered by COGOG (combined gas turbine or gas turbine) or CODOG (combined diesel or gas turbine) engines.

Observers' attention has now shifted to what type of COGAG will be selected for the new DDG.

CSO: 4120

MILITARY

BRIEFS

MSDF CAPABILITY--Tokyo March 17 KYODO--The Maritime Self-Defense Force (MSDF) is currently barely strong enough to escort 200 ships per month, Toru Hara, director of the Defense Bureau of the Defense Agency disclosed Monday. Beyond the 200, all other ships would have to be protected jointly by Japan and the United States under their mutual security treaty, he added. He made the disclosure in the House of Councillors budget committee in answer to questions by Yutaka Hata of the United Social Democratic Party as regards Japan's maritime defense capability in time of emergency. Referring to the results of investigation conducted by the MSDF staff office in 1975, Hara said that approximately 600 million tons of goods and materials, including petroleum and foodstuffs, are imported by Japan annually. He also said that 190 million tons of imported goods are annually necessary to sustain the minimum living standard of the Japanese and that 400 ships are required every month to transport the imports. An escort flotilla consisting of eight destroyers can ensure the safety of 50 vessels at best, and if the four escort flotillas Japan currently possesses are put into full operation, 200 ships could be protected, he added. He said, however, that he had not calculated how much maritime defense capability would be needed to ensure the safety of all ships needed to transport imported goods. The government has so far declared that the targeted sea area to be covered by the MSDF is several nautical miles offshore Japan and that the targeted band of sea lanes to be protected by the MSDF is about 1,000 nautical miles. [Text] [Tokyo KYODO in English no time given 17 Mar 80 OW]

CSO: 4120

ECONOMIC

RESEARCH INSTITUTE REVISES ECONOMIC OUTLOOK FOR 1980

OW210347 Tokyo KYODO in English 0305 GMT 21 Mar 80 OW

[Text] Tokyo, Mar 21, KYODO--Yamaichi Research Institute of Securities and Economics has revised its economic outlook for fiscal 1980, predicting a real growth rate of 4.3 per cent for the fiscal year starting April 1.

Institute officials said new projections reflected a change in basic economic factors, including the latest discount rate hike of 1.75 points to 9 per cent per annum.

The officials said Japanese exports and private investments in fixed assets were rising at a faster pace than expected earlier.

The institute predicted last December that the national economy would make a real growth of 3.8 per cent in fiscal 1980.

The officials said the upward revision of the growth rate was due mainly to a faster pace of exports and business spending in plants and equipment, which they expect to help accelerate economic growth in the first half of the year.

They said, however, the economy would slow down in the latter half.

The 4.3 percent growth rate in real terms compares with a 4.8 per cent rate officially projected by the government.

Meanwhile, the institute predicts that utility charge hikes and markups in key industrial materials will accelerate the pace of inflation although it expects the discount rate to be kept at the 9 per cent level in the year.

It said prices at the wholesale level would go up by 17.7 per cent in the year. The institute had earlier predicted a 10.9 per cent rise.

However, it kept unchanged its projection of a 9.2 per cent increase in consumer prices, citing the difficulty for business corporations to pass on to consumers part of increased costs.

Furthermore, it predicts that Japan will suffer a trade account deficit of dollar 12.2 billion in the year. The continued hike in crude prices was blamed on the upward revision from dollar 7.9 billion projected last December.

CSO: 4120

ECONOMIC

JAPANESE BUSINESSMEN EXPECT SLOWDOWN IN THIRD QUARTER

OW260311 Tokyo KYODO in English 0258 GMT 26 Mar 80 OW

[Text] Tokyo March 26 KYODO--Many Japanese business operators anticipate a downturn in domestic business activities for the July-September quarter, an official report says.

The Economic Planning Agency compiled the report based on a survey of 1,527 business corporations capitalized at yen 100 million or more as of February 20.

According to the report, operators who believe there will be an upturn in domestic business activities in the April-June period accounted for only 3 per cent of those surveyed, unchanged from the previous survey conducted last November.

But a downturn was envisioned for the second quarter by 30 per cent, down from 38 per cent in the November survey.

A predominant 67 per cent of those surveyed believe there will be "no change" in the situation, the report said.

Meanwhile, those who expect a downturn in the following July-September quarter rose to 42 per cent.

Manufacturing business operators indicated an aggressive outlook for both domestic sales and exports in the April-June term.

An upswing in domestic sales was anticipated by 5 per cent, up from 3 per cent in the previous survey, and a downturn by 27 per cent, down from 33 per cent.

An upturn in exports was envisioned by 4 per cent, up from 3 per cent, and a downturn by 18 per cent, down from 20 per cent.

Rise in product prices was expected by 55 per cent, up from 30 per cent in the previous survey. "No change" in product prices was anticipated by 43 per cent, down from 66 per cent. In contrast, declines were anticipated by only 2 per cent, down from 4 per cent.

An overwhelming 92 per cent expected rises in material costs, compared with 62 per cent in the November survey.

"No change" in material costs was envisioned by 8 per cent, down from 37 per cent while none of those surveyed expected a decline in costs, down from 1 per cent.

A 52 per cent majority foresaw increases in sales, compared with 36 per cent in the previous survey. Declines in sales were expected by 14 per cent, down from 18 per cent, and "no change" by 34 per cent, down from 46 per cent.

Those who anticipated rises in current-account profits increased to 27 per cent from 26 per cent in the previous survey.

However, decline in current-account profits was anticipated by 33 per cent, up from 26 per cent.

CSO: 4120

ECONOMIC

DOMESTIC CARRIERS WILL END FY 1979 IN DEFICIT

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 pp 1, 2

[Text]

Increased fuel costs and higher fees will force all three domestic carriers---ANA, JAL and TDA---to end FY 1979 in deficit. Increased revenue obtained from fare hikes will amount to about one-third of the sum originally estimated as the new fares became effective March 1 against the planned date of December 15 last year.

Revenue increase generated by new fares are estimated to total ¥2,400 million for ANA, ¥1,400 million for JAL, and ¥600 million for TDA.

While fares had not been raised since FY 1974, fuel costs and fees continued to increase. In early 1979, substantial increases in fuel costs and taxes were seen. Fuel costs for domestic carriers on the average increased during FY 1979 to 1.93 times that of FY 1978. JAL, which operates both international and domestic services, was severely hit by fuel cost increases. Its fuel expenditures in FY 1979 exceed ¥154,000 million against ¥75,000 million in FY 1978.

Charges on domestic carriers for use of government navigational aid facilities were raised 50 percent in September 1978. The special landing fee on domestic carriers was doubled at the same time. Effective FY 1979 (beginning April 1, 1979), fuel taxes were also doubled. These factors forced all of the domestic carriers to follow "austere" policies throughout FY 1979, while asking JCAB for early approval of higher fares. But, approval of new fares was delayed by two and a half months. To make the situation worse, passenger traffic during the first ten days of March (under the new fares, which are 23.8 percent higher than previously on the average) showed a three percent decrease from the corresponding period a year ago.

Under these circumstances, it is expected that all domestic carriers will end FY 1979 in deficit. JAL originally estimated a profit of ¥6,000 million for FY 1979. The national flag carrier now expects a deficit even though most of the deficit posted in domestic operations can be offset by profits from its international services. ANA estimates a deficit of ¥13,600 million based on an annual revenue of ¥320,000 million and expenditure of ¥333,600 million. It can however reduce the deficit to about ¥3,800 million through settlement of an ¥60,000 million long-term loan from American city banks and others. TDA estimates a deficit of about ¥6,000 million for FY 1979.

Prospects for FY 1980 are varied, although they agree that passenger growth will be much lower than before while fuel costs will continue to increase. JAL projects an annual revenue of ¥700,000 million while its fuel expenditures will total about 35 percent of this amount or ¥250,000 million against ¥150,000 million in FY 1979. ANA expects total revenue of ¥432,000 million which will result in a profit, while TDA foresees a deficit of ¥3,000 million for FY 1980.

Estimates for passenger traffic growth in FY 1980 are not encouraging. JAL expects a mere three percent increase in total domestic traffic, with traffic on trunk routes remaining at the same level as that in FY 1979.

CSO: 4120

ECONOMIC

ROLLS-ROYCE, JAPAN JOINT VENTURE TO START IN LATE MARCH

Tokyo JPE AVIATION REPORT-WEEKLY in English 19 Mar 80 p 6

[Text]

A Rolls-Royce/Japan joint venture will start in late March and signal the British firm's collaboration with Japan's IHI, KHI and MHI in development of the new RJ-500 aero engine.

The joint firm, named "Rolls-Royce Japanese Aero Engines Ltd.," is designed to coordinate development and manufacture of the new engine and undertake such duties as marketing and maintenance services.

The British and Japanese parties have been proceeding with preparations for the inauguration since their contract on the engine development and manufacture collaboration took effect Jan. 31.

The three Japanese companies have already sent Rolls-Royce documents necessary for registration of the joint firm which will be based in Britain. The British go-ahead will be given for the joint company around March 22.

Eight directors designated for the joint venture are Osamu Nagano, Adviser, and Kaneichiro Imai, Managing Director, Aerospace Div., IHI, Hiroharu Tsukamoto, Managing Director, Aero Engine Div., KHI, and Kenji Ikeda, Managing Director, Aircraft and Special Vehicle Div., MHI, from the Japanese side, and A.R.G. Raeburn, Vice Chairman, R.H. Robins, Commercial Director, A.G. Newton, Technical Director, and A.D. Jackson, Assistant Director, from Rolls-Royce.

At the first board of directors meeting expected at the end of March, Raeburn will be elected Chairman and Nagano Vice Chairman.

The new company will have six working-level committees on engineering, marketing-sales, production, finance, product support and commercial affairs, as well as a managing committee consisting of executives from the participating companies. Selection of personnel for the working-level committees is now under way.

CSO: 4120

ECONOMIC

FIVE HELICOPTER OPERATORS BID FOR OIL EXPLORATION SUPPORT WORK

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 p 3

[Text]

Five Japanese and South Korean helicopter operators have made bids for transporting personnel between offshore and onshore bases in Japan-South Korea joint offshore oil exploration starting possibly in May under the bilateral continental shelf development agreement.

A successful bidder will be selected this week among the five--Toa Domestic Airlines (TDA), Asahi Helicopter Co., Nakanihon Air Service, Asia Air Survey Co. of Japan, and Korean Airlines (KAL).

Prior to selection, the five are preparing arrangements for the offshore helicopter support operation. TDA has decided to lease two Sikorsky S-76 helicopters from Air Logistics of the United States if it wins the deal, while Asahi Helicopter, planning to use Aerospatiale SA330 Pumas for that purpose, has concluded a contract with KAL for joint helicopter operation in the oil exploration project.

In the selection, importance will be attached to the performance of helicopters to be used. The helicopters are required to make a 600-kilometer round-trip flight without refueling since Cheju Island of South Korea is designed as an onshore base. TDA's S-76 and Asahi Helicopter's SA330 meet this requirement, though they can carry only 12 to 13 persons per flight.

CSO: 4120

ECONOMIC

KHI NOW LEADING MHI IN AERO ENGINE INDUSTRY

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 pp 3, 4

[Text]

KHI now has the second biggest share in the Japanese aero engine industry thanks to successive orders from Rolls-Royce since late last year replacing MHI.

Their competition resumed two years ago or after IHI was awarded Defense Agency orders for license production of Pratt & Whitney F-100 engines for the F-15 fighters and Allison T-56 engines for the P-3C antisubmarine patrol aircraft. KHI and MHI had tried to obtain orders for the T-56 and F-100 engines, respectively, in view of their past technical interchange with the respective American engine manufacturers. At that time, IHI obtained the position of Japan's top aero engine company. In the following FY 1978 (April 1978-March 1979), IHI turned out ¥40,000 million worth of aero engines, KHI ¥7,700 million and MHI ¥3,300 million.

While competing with MHI for new aero engine orders in the past two years, KHI received a trial order from Rolls-Royce for RB211-535 engine parts in November 1979 and another order for RB211-524 parts earlier this year. The two orders amount to around ¥7,000 million per year. To cope with production expansion, KHI plans to invest about ¥3,000 million in plant and equipment for aero engine manufacture in FY 1980 starting in April in addition to about ¥2,000 million in FY 1979. It is improving an old engine plant at its Akashi Works near Kobe for exclusive use to produce RB211 engine parts. Various machine tools with numerical control systems will be installed at the plant in April.

KHI has also captured a bigger share than MHI in the Rolls-Royce/Japan joint development and production of the nine-ton RJ500 aero engine. Japanese work shares in the project are fixed at about 60 percent for IHI, about 25 percent for KHI and about 15 percent for MHI. Thus, KHI's position as the nation's second largest aero engine maker has been growing.

MHI is striving for new orders from Pratt & Whitney which it has closer relations with than Rolls-Royce, as the Defense Agency is to suspend orders for MHI's production of Pratt & Whitney JT-8D engines for C-1 transports at the end of FY 1979 or March 1980. It is said negative toward subcontracting orders from Rolls-Royce in view of what it terms uncertainties about future demand for RB211 engines. While IHI and KHI are leaning toward Rolls-Royce, MHI is planning a unique strategy. However, its aero engine production is expected to grow less in the immediate future. Therefore, it intends to transfer aero engine engineers to its missile production department in a bid to upgrade its engine technology.

Aero engine production in FY 1979 is estimated at about ¥33,600 million for IHI, about ¥9,100 million for KHI and about ¥3,700 million for MHI.

CSO: 4120

ECONOMIC

IHI BEGINS DELIVERY OF F-15 ENGINES

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 pp 4, 5

[Text]

IHI will deliver the first two Pratt & Whitney F100 engines of the McDonnell Douglas F-15 fighter to the ASDF at its Tanashi Plant later this month. IHI has an order for a further 30 units under the first contract on the F100 engine concluded in FY 1978.

These two engines to be delivered shortly have passed calibration tests at IHI. They will be loaned to IHI following delivery to the ASDF for substantiation tests. IHI will deliver 20 units in FY 1981 and 10 in FY 1982. The first eight units will be assembled by IHI from imported components.

CSO: 4120

ECONOMIC

AIKOKU KOGYO TO EXPAND AIRCRAFT PARTS OUTPUT

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 p 5

[Text]

Aikoku Kogyo Co., an auto parts maker affiliated with Honda Motor Co., has begun to expand into aircraft parts production as it has been awarded orders for Boeing 767 parts in addition to F-15 fighter components.

It is proceeding with a plan to enlarge its aircraft parts plant to 3,400 square meters from the current 2,200 square meters at a cost of ¥150 million by the end of April. As a result, its aircraft parts production capacity will increase 30 percent. Its sales in this field are expected to increase ¥200 million in FY 1980 beginning in April to ¥800 million and to account for 25 percent of its total sales in the future, compared with about 10 percent today.

The firm's aircraft parts production has so far grown smoothly because of successive orders from MHI for parts for MU-2 business jets, Mitsubishi T-2/F1 trainer/fighter aircraft and helicopters. Its sales of these products in FY 1979 are expected to increase to ¥600 million from FY 1978's ¥450 million.

It places great expectations on the current and future orders for 767 parts. Following the first order for three aircraft coming from February to May, the second lot will cover four aircraft, the third lot five, and the fourth lot 12.

The company had previously received orders mainly for fuselage fittings. Recently, however, orders have been increasing for engine parts with higher added value, encouraging it to expand its aircraft parts division.

ECONOMIC

TOSHIBA MACHINE RECEIVES PROFILER ORDER FROM AUSTRALIA

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 pp 5, 6

[Text]

Toshiba Machine Co. has received an order from Hawker de Havilland Australia Pty, Ltd through C. Itoh and Co. for a profiler worth about ¥200 million, following an order for three units from Rockwell International Corp. of the United States earlier this year. It is the first Japanese company to export a profiler to Australia.

Although Toshiba Machine only started marketing profilers last year, it has thus entered markets in Australia and the United States successively.

The profiler is a numerically-controlled machine tool for aircraft manufacture to machine fuselage spars, wing ribs and other parts. The one ordered by the Australian firm is a three-spindle gantry type to be used for machining parts of Boeing 757s and wide-body jets from light aluminum alloy. It will be delivered to Hawker's factory in New South Wales by the end of 1980.

Toshiba Machine introduced profiler technology from TMI of France last year and has already developed about 50 types to meet various requirements. Its first profiler was delivered to Sugita Works of NIPPI (Japan Aircraft Mfg. Co.) in August 1979. The profiler for Hawker is the fifth to be marketed by Toshiba Machine. It views specialized machine tools for aircraft manufacture as strategic products for the 1980s.

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ECONOMIC

INDUSTRY FACES DIFFICULTIES IN OBTAINING IMPORT MATERIAL

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 pp 6, 7

[Text]

Difficulties in obtaining material from overseas for manufacture of aircraft parts and equipment are growing in the Japanese aircraft industry. A worldwide boom in aircraft production and "advance purchase" of materials notably by US manufacturers in anticipation of increased demand for military aircraft are contributing to the growing material "shortage" in the Japanese industry. It was first felt by airframe manufacturers but now aircraft equipment manufacturers are also facing similar difficulties.

According to Japan Aviation Electronics Industry Ltd., delivery time for imported materials is growing. It has become 12 to 24 months during the past six months against usual 3 to 6 months. The company will soon send two specialists to the US to place orders directly with US material suppliers to ensure better delivery time. Longer delivery time is causing anxiety among manufacturers.

It was in the summer of 1978 when KHI was asked by US material suppliers to give them a longer lead time. In the autumn of that year, delivery time for sheet and forged aluminum and titanium alloy material rose to 7 to 12 months. One year later, it had become 30 to 36 months, according to Japanese industry sources.

While delivery time continued to lengthen, prices were raised. Because of the yen's depreciation, prices of imported materials are now almost double those of a year ago. Most airframe manufacturers are placing orders for delivery two to three years later.

Difficulties will continue in the Japanese industry for many years. It is expected that the supply of aluminum alloy sheet material will improve in 1982 when Alcoa starts operating new production facilities.

ECONOMIC

DASSAULT-BREGUET EXECUTIVES HERE ON Y-XX

Tokyo JPE AVIATION REPORT-WEEKLY in English 26 Mar 80 p 7

[Text]

D. Nouveau, Falcon/Mercure Dept., Avions Marcel Dassault-Breguet Aviation (ADM-BA), and G. Raymond, Dassault-Breguet International were in Tokyo last week, contacting officials of the Ministry of International Trade and Industry (MITI) and the Society of Japanese Aerospace Companies (SJAC), according to Japanese industry sources. It is presumed that the Dassault-Breguet officials are proposing to Japan possible collaboration in joint development of a 130 - 150 seat class aircraft based on their Mercure technology, although details of the proposal are unknown.

To comply with the French company's request, the SJAC survey mission scheduled to visit Europe early April will revise its itinerary so that it can visit Bordeaux April 12 and 13.

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ECONOMIC

BRIEFS

ENTERPRISES 'BULLISH'--TOKYO APRIL 2 KYODO--Japanese enterprises are taking an increasingly bullish view of their individual business outlook and overall domestic economic performances, the Economic Planning Agency announced Wednesday. The agency said this has become evident from a survey it conducted in January, covering a total of 1,547 major corporations listed on the nation's stock exchanges. The companies do not include banking institutions and insurance firms. According to the survey results, the agency said, 41.4 per cent of the respondents believed that the nation's real economic growth rate in the just-started fiscal 1980 would stand at "above 4 per cent and less than 5 per cent," while 28.4 per cent said the growth rate would come to "above 5 per cent and less than 6 per cent." On the average, the companies view the fiscal 1980 growth rate as 4.72 per cent, almost matching the government's official estimate of 4.8 per cent, the agency said. The companies also replied that the average annual economic growth in the three-year period starting in fiscal 1980 will stand at "above 5 per cent and below 6 per cent. According to the survey, the agency said, plant and equipment investments by the companies will increase 10.1 per cent on an annual average between fiscal 1980 and fiscal 1982. Manufacturing industries envision an annual growth of 4.1 per cent while non-manufacturing industries believe that their capital investments will increase 14.4 per cent on an annual average. [Text] [OW021125 Tokyo KYODO in English 1102 GMT 2 Apr 80 OW]

RISING CONSUMER PRICES--Tokyo March 28 KYODO--Keijiro Shoji, director general of the Economic Planning Agency, indicated Friday it may prove difficult for the government to hold down the fiscal 1979 consumer price growth to within its official estimated of 4.8 per cent. Shoji told the day's regular cabinet meeting that the price situation has reached a 'delicate' stage, making it extremely difficult to predict whether it is possible to curb the consumer price increase in fiscal 1979, which ends Monday, to below the official estimate. Shoji made the comment after the prime minister's office reported the same day that consumer prices in Tokyo jumped 7.2 per cent from the year-before level in March, following a 7.6 per cent rise the previous month. In this connection, Shoji asked other cabinet ministers to force industries not to raise prices of commodities in an 'easy-going' manner. Meeting the press after the cabinet session, he cited the steel

industry as an example of an industry attempting to increase prices in an 'easygoing' manner. He said the Economic Planning Agency plans to strictly investigate if it is really necessary for the industry to raise steel prices. The nation's major steelmakers plan to raise steel prices by an average of 11 per cent beginning next month. [Text] [OW280342 Tokyo KYODO in English 0332 GMT 28 Mar 80 OW]

ACHIEVEMENT OF GROWTH TARGET--Tokyo March 26 KYODO--Toshihiko Yano, vice minister of international trade and industry, said Tuesday Japan can achieve the targeted 4.8 per cent economic growth in fiscal 1980 without fail. Speaking at a meeting held at the Japan National Press Club, Yano said the country can secure enough oil supplies in the fiscal year, beginning next month. Besides, the nation's oil import bills are expected to become smaller in fiscal 1980 in view of a recent declining trend of oil prices, he said. Under such favorable circumstances, Japan will be able to attain the official economic growth target of 4.8 per cent in the coming fiscal year, he said. He even indicated the fiscal 1980 growth rate may prove bigger than the 4.8 per cent target. Turning to international trade problems, Yano told the meeting that traders and manufacturers should step up efforts to expand exports by raising the prices of export goods. Traders and manufacturers can still expand exports even if they raise the prices of export goods and an increase in export prices can forestall anti-dumping charges in other nations, he said. There is still much room for raises in export prices because the yen is currently undervalued, he added. He said traders and manufacturers should not refrain from expanding exports in fear of possible economic frictions with other countries. Such frictions can be prevented if steps are taken well in advance, he said. [Text] [OW260309 Tokyo KYODO in English 0252 GMT 26 Mar 80 OW]

LONDON CONTEMPORARY JAPAN EXHIBITION--London 12 Mar--An exhibition of contemporary Japan opened Wednesday at London's Albert Museum in a ceremony attended by Queen Elizabeth II. The "Japan style" show, to be held until 20 July, features about 1,600 items, such as kimono, pottery, camera, industrial goods, a model kitchen of a typical middle-class Japanese family, a "Sushi" restaurant and a pachinko (pinball) parlor. The queen toured the exhibition hall guided by Japanese ambassador to London Naraichi Fujiyama for about an hour. The queen, seemingly impressed with the traditional and modern clothings and the kitchen, told the ambassador that she would like to see the exhibition again. During the 4-month exhibition, Japanese music and dancing will be performed and a poster show and lectures held. Another exhibition of 550 items of Japanese cultural treasures of the 17th, 18th and 19th centuries is planned in London for the Autumn of next year. [OW130403 Tokyo KYODO in English 0137 GMT 13 Mar 80 OW]

AID TO PARAGUAY--Tokyo 13 Mar--Japan has decided to extend yen 600 million in grant aid to Paraguay to cooperate in the project of improving the land station for satellite communications and microwave communications facilities, the Foreign Ministry announced Thursday. The ministry said official documents on Japan's grant aid were exchanged Thursday (Japan time) in Asuncion between Japanese ambassador to Paraguay Takeshi Naito and Dr Alberto Nogues, Paraguayan minister of external relations. [Text] [OW130403 Tokyo KYODO in English 0255 GMT 13 Mar 80 OW]

TANZANIAN COTTON SPINNING PLANT--Osaka 12 Mar--Toyo Menka Kaisha Ltd. announced Wednesday it has received a Tanzanian order for a yen 6.6 billion (dollar 26.9 million) cotton spinning and weaving plant. The major trading company said the plant, equipped with 44,760 spindles and 609 looms, will be delivered between May and August 1981. The plant was ordered by the Tanzanian Textiles Corporation under its second 5-year textile industry promotion plan, the company said. It will be built in Morogoro, some 200 kilometers west of Dar-es-Salaam, it added. Payments will be spread over 8 years, it said. [Text] [OW130403 Tokyo KYODO in English 1101 GMT 12 Mar 80 OW]

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